

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In re Application of)	
)	
Zoo Communications, LLC,)	
)	
and)	MB Docket No. 17-359
)	
Anco Media, Group LLC)	
)	
For Foreign Ownership Ruling Pursuant to)	
Section 310(b)(4) of the Communications Act)	
of 1934, as Amended)	
)	

**PETITION TO ADOPT CONDITIONS TO
AUTHORIZATIONS AND LICENSES**

The U.S. Department of Justice (“USDOJ”) submits this Petition to Adopt Conditions to Authorizations and Licenses (“Petition”) pursuant to Section 1.41 of the Federal Communications Commission (“Commission”) rules.¹ Through this Petition, the USDOJ advises the Commission that it has no objection to the Commission approving the authority sought in the above-referenced proceeding, provided that the Commission conditions its approval on the assurances of Anco Media Group, LLC (“Anco Media”) and Zoo Communications, LLC (“Zoo”) to abide by the commitments and undertakings set forth in the January 29, 2019 Letter of Agreement (“LOA”), a copy of which is attached to this filing.

The Commission has long recognized that law enforcement, national security, and public

¹ 47 C.F.R. § 1.41 (2017).

safety concerns are part of its public interest analysis and has accorded deference to the views of other U.S. government agencies with expertise in those areas. *See In the Matter of Comsat Corporation d/b/a Comsat Mobile Communications, etc.*, 16 FCC Rcd. 21661, 21707 ¶ 94 (2001).

After discussions with representatives of Anco Media and Zoo in connection with the above-referenced proceeding, USDOJ has concluded that the additional commitments set forth in the LOA will help ensure that those agencies with responsibility for enforcing the law, protecting the national security, and preserving public safety can proceed appropriately to satisfy those responsibilities.

Accordingly, the USDOJ advises the Commission that it has no objection to the Commission granting the application in the above-referenced proceeding, provided that the Commission conditions its consent on compliance with the January 29, 2019 LOA.

January 29, 2019

Respectfully submitted,

LOYAAN A. EGAL
Deputy Chief
Foreign Investment Review Staff
National Security Division
United States Department of Justice

/s/ Alice Suh Jou
Alice Suh Jou
Attorney
Foreign Investment Review Staff
National Security Division
United States Department of Justice
Washington, DC 20530



January 29, 2019

Assistant Attorney General for National Security
United States Department of Justice
National Security Division
950 Pennsylvania Avenue NW,
Washington, DC 20530

Subject: FCC # MB Docket No. 17-359
Petition for Declaratory Ruling by Zoo Communications, LLC ("Zoo") and Anco Media Group, LLC ("Anco Media") (collectively "the Parties") pursuant to Section 310(b)(4) of the Communications Act of 1934, as amended, and Section 1.5000(a)(1) of the Federal Communication Commission's ("FCC" or "Commission") rules.

Dear Sir/Madam:

This Letter of Agreement ("LOA" or "Agreement") outlines the commitments being made by Anco Media to the U.S. Department of Justice ("USDOJ") in order to address national security, law enforcement, and public safety concerns raised with regard to Zoo and Anco Media's petition for declaratory ruling pursuant to Section 310(b)(4) of the Communications Act of 1934, as amended, and Section 1.5000(a)(1) of the FCC's rules. Should the Federal Communications Commission ("FCC") not grant the aforementioned petition for declaratory ruling and the associated transfer of control applications bearing the file numbers BTCH-20171128AAW, BTCH-20171128AAY and BTCFT-20171128AAZ and consummation not occur, the instant Agreement is null and void.

The Parties adopt as true and correct all representations made by each party to USDOJ through the Team Telecom process, whether such representations were made directly by Anco Media, Zoo, or through their counsel.

1. For purposes of this LOA, the following definitions apply:
 - a. “Anco Media” means Anco Media Group LLC and its successors-in-interest.
 - b. “Zoo” means Zoo Communications, LLC and its successors-in-interest.
 - c. “Date of this LOA” shall mean the date on which the Letter of Agreement is executed by Anco Media.
 - d. “Certified Public Accountant” or “CPA” means a certified public accountant licensed to practice in the United States and mutually agreed upon by the Parties and USDOJ.
 - e. “Foreign” means non-United States.
 - f. “Government” means any government, or governmental, administrative, or regulatory entity, authority, commission, board, agency, instrumentality, bureau or political subdivision, and any court, tribunal, judicial or arbitral body.
 - g. “Initial Audit” means the initial audit of Anco Media’s finance and internal controls for fiscal year 2019.
 - h. “Initial Audit Terms” means the initial terms and scope of the audit, financial statements and internal controls being audited, and auditing standards to be applied.

i. “Initial Designated CPA” means the initially designated third-party CPA by Anco Media approved by USDOJ.

j. “Non-U.S. Government” means any government, including an identified representative, agent, component or subdivision thereof, that is not a local, state, or federal government in the United States.

k. “Requested Reviews” means reviews conducted by the CPA, if requested by USDOJ, for FY 2021 and 2022.

l. “Subsequent Review” means the review conducted by the CPA for FY 2020.

m. “Subsequent Terms” means the terms and scopes of the review, financial statements and internal controls being reviewed, and review standards to be used for Subsequent Review in 2020 and Requested Reviews, if requested, in 2021 and 2022.

2. **Services, Programming, and Foreign Relationship.** Anco Media further agrees to notify USDOJ, at least 30 days in advance, on any material change to its current services and programming portfolios. Anco Media agrees to notify USDOJ, at least 30 days in advance, on any change to any relationships or joint ventures with foreign companies or Non-U.S. Government entities.

3. **Audit Requirements.** Anco Media agrees to retain and pay for a neutral third-party financial audit (e.g., of total assets, total liabilities, total net assets, cash flows, accounts payable/receivable records, investments, tax liabilities, beginning and ending net assets,

including its corporate bank accounts and loans) for the fiscal year 2019,¹ to include an audit of Anco Media's internal controls ("the Initial Audit"). Anco Media agrees that the deadlines and requirements for the Initial Audit will be as follows:

- a. Within sixty 60 days from the Date of this LOA, Anco Media shall provide notice of its proposed third-party auditor for the Initial Audit to the USDOJ.
- b. The USDOJ shall have an opportunity to provide reasonable objections to the proposed auditor within 60 days of receiving Anco Media's notification of a proposed auditor.
- c. Once the USDOJ and Anco Media mutually agree upon a third-party auditor for the Initial Audit, and after Anco Media receives USDOJ's written non-objection, Anco Media will designate the agreed-upon, neutral, third-party auditor ("the Initial Designated Auditor").
- d. Thereafter, Anco Media shall consult with the USDOJ on the Initial Audit's terms and scope of engagement, the financial statements being audited, and the auditing standards to be applied (collectively, the "Initial Audit Terms") and Anco Media will reasonably address any concerns raised by the USDOJ, with the final Initial Audit Terms being subject to USDOJ approval. The USDOJ and Anco Media will reasonably negotiate any concerns raised by Anco Media to the Initial Audit Terms. The Initial Designated Auditor will circulate to USDOJ and Anco Media the final

¹ Anco Media's fiscal year is from January 1 to December 31, annually.

Initial Audit Terms once they are approved by both USDOJ and Anco Media.

- e. Anco Media shall ensure that the Initial Audit report generated by the Initial Designated Auditor is promptly provided to the USDOJ directly by the Initial Designated Auditor at the same time the Initial Audit report is provided by the Initial Designated Auditor to Anco Media.
- f. The Initial Audit's final report will be due no later than 180 days after either the close of Anco Media's fiscal year or the date on which the Initial Designated Auditor circulated the final Initial Audit Terms, whichever is later, unless other arrangements are approved by USDOJ, and will be issued by a Certified Public Accountant ("CPA"). The Initial Audit's final report will include a statement that the audit was conducted in accordance with generally accepted auditing standards and an identification of the United States as the country of origin of those standards.
- g. Following the Initial Audit, unless otherwise directed by the USDOJ, a Subsequent Review will be conducted for fiscal year 2020. Thus, Anco Media shall retain and pay for subsequent neutral third-party financial reviews (e.g., of total assets, total liabilities, total net assets, cash flows, accounts payable/receivable records, investments, tax liabilities, beginning and ending net assets, including its corporate bank accounts and loans) for fiscal year 2020. Thereafter, for fiscal years 2021 and 2022, a Requested Review, as designated by USDOJ, shall be conducted pursuant to the terms described in this paragraph if USDOJ so requests within 90 days of

USDOJ's receipt of a final audit or financial review report for the preceding fiscal year. The deadlines and requirements for a Subsequent Review or Requested Reviews will include:

- i. Anco Media shall provide notice of the proposed CPA to USDOJ each subsequent year following the completion of an audit or financial review, within 120 days of the submission of the preceding year's final audit or financial review report, if the auditor or has changed from the person/firm most recently designated or if USDOJ has notified Anco Media of an objection to the retention of the same person/firm.
- ii. Should USDOJ object to the retention of the same person/firm for subsequent financial review(s), the USDOJ shall have an opportunity to provide reasonable objections within 90 days of the submission of the preceding year's final audit or financial-review report. The USDOJ shall have an opportunity to provide reasonable objections to a newly proposed CPA within 60 days of receiving Anco Media's notification of a newly proposed CPA.
- iii. Once the USDOJ and Anco Media mutually agree upon a neutral third-party CPA, the USDOJ shall be consulted on the terms and scope of the review engagement, the financial statements being reviewed, and the review standards to be applied, including whether a review of internal controls should be conducted, for the Subsequent Review and/or Requested Review(s) (collectively, the

“Subsequent Terms”). Anco Media will reasonably address any concerns raised by the USDOJ, with the final Subsequent Terms being subject to USDOJ approval. The USDOJ and Anco Media will reasonably negotiate any concerns raised by Anco Media to the Subsequent Terms.

- iv. Anco Media shall ensure that the final Subsequent Review and/or Requested Review reports generated by the CPA are promptly provided to the USDOJ directly by the CPA at the same time that the final Subsequent Review report is provided to Anco Media by the CPA.
- v. The final results for Subsequent Review and/or Requested Review(s) will be due no later than 180 days after either the close of the fiscal year to which the review relates or the date on which the CPA circulated the Subsequent Terms, whichever is later, unless other arrangements are approved by the USDOJ, and will be issued by a CPA. The final report for a Subsequent Review and/or Requested Review will include a statement that the audit was conducted in accordance with generally accepted auditing standards or generally accepted review standards and an identification of the United States as the country of origin of those standards.
- vi. Anco Media agrees to negotiate in good faith with the USDOJ to resolve any national security, law enforcement, or public safety

concerns that the USDOJ may raise with respect to the results of any third-party audit. The USDOJ shall be granted the right to exclusively meet with the auditors at any time, upon USDOJ's request.

4. **Corporate Changes.** Anco Media agrees to inform the USDOJ within 30 days after any change in Anco Media's ownership or control involving 10 percent or more, including the names of the businesses or individuals associated with the change in ownership and the change in the percentage amount of ownership. Anco Media also agrees to inform the USDOJ of any change in Anco Media's ownership or control involving 10 percent or more resulting in a change of a passive investor into an active one. Anco Media further agrees to provide USDOJ with notice of any changes to its business, including but not limited to corporate structure changes, corporate name changes, business model changes, corporate headquarter location changes, or business operation location changes within 30 days in advance of such change.

5. **Notice of Termination of Accounts.** Anco Media agrees to notify USDOJ within 30 days after any termination of accounts in the name of Anco Media by a financial institution, and the reason given by such financial institution for such termination.

6. **Company Point of Contact.** Within 30 days of the Date of this LOA, Anco Media agrees to provide notice to the USDOJ of a Point Of Contact ("POC") within the company to or with whom communications regarding this LOA may be sent or engaged. Thereafter, Anco

Media will provide notice to the USDOJ of any changes to the POC within 30 days prior to such change.

7. **Site visits.** Anco Media agrees to permit USDOJ requests for site visits and approve all requests to conduct on-site interviews of Anco Media employees.

8. **General.** Aside from other remedies or actions already in existence and available to USDOJ, Anco Media agrees that, in the event that the commitments set forth in this Agreement are breached, in addition to any other remedy available at law or equity, the USDOJ may request that the FCC modify, condition, revoke, cancel, or render null and void any relevant license, permit, or other authorization granted by the FCC to Anco Media or any successors-in-interest. Nothing herein shall be construed to be a waiver by Anco Media of, or limitation on, its right to oppose or comment on any such request.

Anco Media agrees that, upon execution of this Agreement by an authorized representative or attorney for Anco Media, or shortly thereafter, USDOJ shall notify the FCC within five (5) business days of receipt, that it has no objection to Anco Media's petition pursuant to Section 310 of the Communications Act, as amended, where such authorization is made conditional upon Anco Media's compliance with this LOA.

9. **Annual Report.** Anco Media agrees to provide Annual Reports to the USDOJ regarding Anco Media's compliance with the specific terms of this LOA, to include a summary of the content of any notices sent to the USDOJ during the prior year pursuant to this LOA. The Annual Report shall also include:

- Recertification on any changes in the services that Anco Media provides or confirmation that no additional services are being offered;
- A re-identification of the name of and contact information of the POC; and
- Notifications regarding any other matter of interest to this LOA.

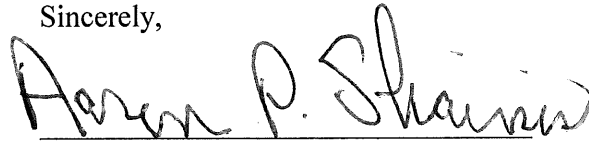
The annual report will be due every 31st day of January of each calendar year, beginning on January 31, 2020, and will be required until January 31, 2025, and will be addressed to:

Assistant Attorney General for National Security
U.S. Department of Justice
National Security Division
Three Constitution Square, 175 N Street NE,
Washington, DC 20530
Attention: FIRS/Team Telecom Staff

The above-referenced address shall also be used for all submissions required by the instant LOA.

Courtesy electronic copies of all notices and communications will also be sent to the following or individuals identified in the future to Anco Media by USDOJ: Bermel Paz, USDOJ (at Bermel.Paz@usdoj.gov); Alice Jou, USDOJ (at Alice.S.Jou2@usdoj.gov); Loyaan Egal, USDOJ (at Loyaan.Egal@usdoj.gov); and FIRS Team (at FIRS-TT@usdoj.gov).

Sincerely,

A handwritten signature in black ink, reading "Aaron P. Shainis". The signature is written in a cursive, flowing style. The first name "Aaron" is written with a large, prominent "A". The middle initial "P." is smaller and follows the first name. The last name "Shainis" is written with a large, prominent "S" and a long, sweeping tail that extends to the right.

Aaron P. Shainis
Counsel for
Anco Media Group, LLC and
Zoo Communications, LLC